

Message Text

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ACTION EA-10

INFO OCT-01 NEA-06 ISO-00 FEA-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01

INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01

PRS-01 USIA-06 /092 W

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R 230910Z DEC 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9296

INFO AMEMBASSY JIDDA

C O N F I D E N T I A L BANGKOK 19912

E.O. 11652 GDS

TAGS: ENRG, ETRD, TH

SUBJ: THAI PURCHASE MID EAST OIL

REF: STATE 278352

1. DURING MEETING WITH DEPUTY FOREIGN MINISTER CHATCHAI DECEMBER 21 DCM RAISED QUESTION THAI-SUADI OIL AGREEMENT. CHATCHAI INDICATED HE HAD ACTUALLY INITIALED AN AGREEMENT WITH SAUDI PETROLEUM MINISTER YAMANI WHICH PROVIDED IN EFFECT THAT THAILAND COULD BUY ALL THE OIL IT WANTED FOR \$10.46 PER BARREL. FOR EACH 10 MILLION BARRELS THAILAND BOUGHT, SAUDI ARABIA AGREED TO LEND THAILAND \$40 MILLION AT 2PCT INTEREST FOR A PERIOD OF TEN YEARS. CHATCHAI SAID THAT THE PRESS, WHICH PUT THE PRICE AT \$9.30, HAD THE STORY WRONG. THE CONFUSION AROSE BECAUSE SAUDI ARABIA AGREED TO SELL THAILAND OIL AT 93 PCT OF THE POSTED PRICE.

2. DCM ASKED WHAT SAUDI ARABIA WOULD BUY FROM THAILAND. CHATCHAI SAID THEY WERE INTERESTED IN RICE, SUGAR, CEMENT, IRON BARS AND WOOD PARQUET FLOORING AND PANELLING. NO SET BARTER
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ARRANGEMENT HAD BEEN CONCLUDED; THAT IS, SAUDI ARABIA DID

NOT COMMIT ITSELF TO BUY ANY FIXED AMOUNT BUT HE EXPECTED THEM TO BUY ABOUT 50 THOUSAND TONS OF RICE AND THE SAME AMOUNT OF SUGAR.

3. CHATCHAI ALSO VOLUNTEERED INFORMATION HE HAD DISCUSSED WITH YAMANI AND OTHER SAUDI ARABIAN OFFICIALS A \$600 MILLION LOAN ON CONCESSIONAL TERMS FOR THE DEVELOPMENT OF THAILAND'S SHALE OIL DEPOSITS AND AN \$800 MILLION LOAN FOR THE CONSTRUCTION, ON A JOINT VENTURE BASIS, OF AN OIL PIPELINE ACROSS THE KRA ISTHMUS. EXPERTS FROM THE TWO SIDES WILL MEET TO DISCUSS BOTH THESE PROPOSALS FURTHER. KINTNER

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